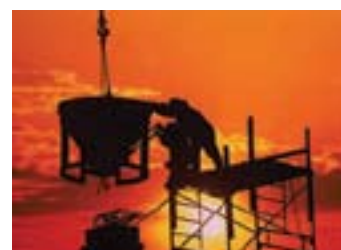


109th Congress

Securing America's Future



July 4th, 2006 • State Work Period
<http://src.senate.gov>



SENATE REPUBLICAN CONFERENCE

Rick Santorum, Chairman

Kay Bailey Hutchison, Vice Chairman

<http://gop.senate.gov>



SENATE REPUBLICAN CONFERENCE

Rick Santorum, Chairman

Kay Bailey Hutchison, Vice Chairman



109th Congress

June 29, 2006

Dear Colleagues:

During the upcoming recess period, we encourage you to continue to highlight America's robust economic growth, the success of Medicare prescription drug benefits and the critical importance of fighting the Global War on Terror within the context of Securing America's Future and promoting freedom worldwide.

Republicans have worked diligently to deliver our men and women in uniform, and their families, the resources they need to fight the Global War on Terror. Republicans have worked to support our troops and their mission to hunt down the terrorists, help Iraqis build a free nation that is an ally in the war, and advance freedom's call in the broader Middle East. As we celebrate our Nation's Independence Day, we must reflect on our Nation's history of standing against the violent and repressive ideologies that stifle freedom and independence throughout our world. Republicans understand that defeating an extremist ideology takes time; we succeeded in promoting freedom in Germany, Japan, and South Korea with the dedication and sacrifice of our men and women in uniform, and the significant and sustained investment and presence of America in these countries.

We have a comprehensive and committed approach to the War on Terror. Many Democratic colleagues, however, represent the party of division and disarray; they continue to demonstrate that they have a shortsighted vision for the future of a free and secure Iraq. Their cut and run approach to the Global War on Terror reflects their lack of commitment to the Iraqi people, and their lack of faith in the mission before our country. Republicans realize that the cost of leaving Iraq before victory is achieved is too high; Republicans realize that the Unity Government in Iraq is a new opportunity for progress; and, Republicans realize that our continued commitment to the people of Iraq will help lay the foundation for peace for our children and grandchildren.

Republicans also continue to support our robust economy by extending tax cuts and limiting spending. As national economic indicators demonstrate, unemployment continues to decrease while productivity continues to rise; the economy continues to grow, as has real consumer spending and investment. Since August 2003, the economy has created more than 5.3 million jobs in 33 consecutive months of job gains. Private forecasters expect solid growth of 3.4% during this entire year. Republicans will continue to work to secure America's energy independence and affordable energy for consumers through developing reliable energy resources in an environmentally sensitive way and by working to support fiscal responsibility.

Republicans have continued to secure affordable and accessible health care for all Americans by delivering better Medicare and a prescription drug benefit to America's seniors. Republican efforts have strengthened and improved traditional Medicare by keeping up with advancements in healthcare, and for the first time ever, a new drug benefit program pays for both brand name and generic drugs. Seniors who need the most help to pay for prescription drugs receive the most help under the new Medicare law. At least 38 million Medicare beneficiaries now have drug coverage.

Please continue to communicate the vision and accomplishments of our Conference by supporting our positive agenda to Secure America's Future.

Thank you.

Handwritten signature of Rick Santorum in blue ink.

Rick Santorum
Chairman

Handwritten signature of Kay Bailey Hutchison in blue ink.

Kay Bailey Hutchison
Vice-Chair

*Senate Republicans
are Committed to*

A stylized graphic of the American flag, featuring stars and stripes, positioned behind the text.

**Securing
America's
Future**

War on Terror

Securing America's Freedom, Homeland, and Borders

Jobs/Economy

*Securing America's Competitiveness and Creating
Jobs Through a Growing Economy*

Health Care

*Securing Affordable and Accessible Healthcare
for All Americans*

Energy and Conservation

Securing America's Energy Independence

Education

*Securing a Safe and Quality Education for
All Americans*

War on Terror



War on Terror – Recess Activity



Suggested Recess Activities:

- **Press Release/Statement on Independence Day**
- **Editorial board meetings on progress made in the War on Terror**
- **Weekly Column/E-Newsletter**
- **Talk Radio/Cable TV**

Talking Points:

Victory in Iraq

- The world is safer because Saddam is gone. Saddam terrorized his own people, destabilized the region, and was a danger to the world. A free Iraq will change the world.
- We have a strategy for victory and it is working. The Coalition and our Iraqi allies are building democracy, securing the country, and growing a free economy.
- We cannot cut and run. The cost of leaving before victory is achieved is too high. The Iraqis are committed to their future as a free society, we cannot abandon our allies in the middle of a tough fight; a fight that, together, we are winning.

Progress in Iraq – Zarqawi's death and the new unity government

- The men and women who wear our country's uniform and who are harm's way are to be commended for their ongoing dedication in defeating the terrorist network in Iraq. Al Zarqawi's death is a severe blow to Al Qaeda, and a victory for the Iraqi people. Now is not the time to abandon our allies in the middle of a tough fight that together we are winning.
- The formation of a complete unity government in Iraq was a huge step toward building a democracy, securing the country, and growing a free economy. We must not easily forget the significance of this event.
- The Iraqis are committed to their future as a free society. Senate Republicans are confident that a free and stable Iraq will be realized.

The Long War – defeating an extremist ideology takes time

- The Global War on Terror is a "Long War" because the enemy is committed to his cause. The enemy is prepared to fight to the death for what he believes is a defense of his religion.
- We have mobilized to win other long wars, and we can and will win this one as well. The U.S. with our partners and allies must be committed, patient, and resolute.
- We have a comprehensive approach to fighting war. Not only do we employ military power, we use all elements of national power and influence – including diplomatic, intelligence, financial, and law enforcement activities – to protect the Homeland, disrupt terrorist operations, and deprive our enemies of what they need to operate and survive.

STARS AND STRIPES.®

STARS AND STRIPES, JUNE 14, 2006

• HEROES •



HEROES

A NATION
HONORS
VALOR
IN THE WAR
ON TERROR

Lt. Cmdr. Richard Jadick was awarded the Bronze Star with "V" for his efforts at Fallujah, Iraq. For his story, see Page 4.

This copy compliments of  **BOEING** 

PHOTO ILLUSTRATION BY CATE MEYERS/Stars and Stripes

Terrorist Finance Tracking Program

Fact Sheet - June 22, 2006



- After the September 11th terrorist attacks, President Bush declared that we would use all elements of national power to fight a different kind of war against terror. On September 23, 2001, the President launched a new campaign against terrorist financing when he issued Executive Order 13224. This EO authorized the Treasury Department – in conjunction with other Cabinet agencies -- to use all appropriate measures to identify, track, and pursue not only those persons who commit terrorist acts here and abroad, but also those who provide financial or other support for terrorist activity.
- Treasury developed the Terrorist Finance Tracking Program to identify, track, and pursue suspected foreign terrorists, like al Qaida, Hamas, and Hezbollah -- and their financial supporters. The Treasury Department is uniquely positioned to track terrorist money flows and assist in broader US Government efforts to uncover terrorist cells and map terrorist networks here at home and around the world. These efforts have not only disrupted terrorist networks, they have saved lives.
- As part of its vital mission, Treasury issues subpoenas to SWIFT – a Belgium-based company with U.S. offices that operates a worldwide messaging system used to transmit bank transaction information – seeking information on suspected international terrorists. Under the terms of the subpoenas, the U.S. government may only review information as part of specific terrorism investigations.
- Based on intelligence that identifies an individual or entity, the US Government is able to conduct targeted searches of the limited subset of records provided by SWIFT in order to trace financial transactions of suspected terrorist activity.
- SWIFT information greatly enhances our ability to map out terrorist networks, often filling in missing links in an investigative chain. The US Government acts on this information to target and disrupt the activities of terrorists and their supporters.
- By following the money, the U.S. has been able to identify and locate operatives and their financiers, chart terrorist networks, and help keep money out of their hands.
- The TFTP is firmly rooted in sound legal authority, based on statutory mandates and Executive Orders -- including the International Emergency Economic Powers Act of 1977 (IEEPA), and the United Nations Participation Act (UNPA).
- In no way does the TFTP involve data mining or trolling through the financial records of Americans. In fact, most Americans would never have information that would be included in the SWIFT data. We work to ensure the appropriate and limited use of the information while maintaining respect for individual privacy.
- SWIFT is overseen by a committee drawn from major central banks – including the U.S. Federal Reserve, the Bank of England, the European Central Bank, the Bank of Japan, and the lead overseer, the National Bank of Belgium. The overseers have been informed about SWIFT's cooperation with the Treasury and the safeguards and assurances put in place.

- The program has rigorous safeguards and protocols to protect privacy. Searches of records must identify the terrorism-related basis, which is systematically logged and auditable. Regular, independent audits of the program have confirmed that the U.S. Government has consistently observed the established safeguards and protocols.
- Furthermore, appropriate Members of Congress, including the members of the House and Senate intelligence committees, have been briefed on this program.
- The TFTP is separate and complementary to other US Government efforts focused on terrorist financing. For example, the Treasury Department, as mandated by Congress in the Bank Secrecy Act, requires financial institutions to make available a range of similar information for law enforcement and counterterrorism purposes. The Government relies on financial data every day in pursuing criminal and terrorist activity.
- This is exactly the kind of program that Americans want and expect from their government to prevent further terrorist attacks. The 9/11 Commission was critical of the government for its failure to have this kind of program – one that uses all available information to connect the dots -- in place prior to the September 11th attacks. In fact, in its final report card the 9/11 Commission's Public Discourse Project awarded the government-wide effort to combat terrorist financing the highest grade, citing the government's "significant strides in using terrorism finance as an intelligence tool."
- Furthermore, noting the value of this kind of activity, Congress has directed Treasury to explore the implementation of systems to review all cross-border financial transactions. Treasury's Financial Crimes Enforcement Network (FinCEN) is studying the feasibility of developing such a program in response to Congress.
- There is no doubt that America and our allies in the war on terror are safer today because of this program.
- It is important to note that the Treasury Department is open and transparent about its efforts to identify and track the financial transactions of foreign terrorist suspects and their supporters. Whether in congressional testimony, in public speeches, or communications with the news media, Treasury officials have always highlighted the Department's efforts to track suspected terrorist financing activity.
- However, as with any national security program, the Administration is appropriately protective of the methods and sources it employs to execute its mission. The public dissemination of sources and methods degrades national security and the government's efforts to prevent terrorist activity.

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United States Senate

SELECT COMMITTEE ON INTELLIGENCE
WASHINGTON, DC 20510-6405

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KATHLEEN P. MCINNES, CHIEF CLERK

June 27, 2006

The Honorable John D. Negroponte
Director of National Intelligence
Washington, D.C. 20511

Dear Mr. Director:

Unauthorized disclosures of classified information continue to threaten our national security – exposing our sensitive intelligence sources and methods to our enemies. Numerous, recent unauthorized disclosures of sensitive intelligence programs have directly threatened important efforts in the war against terrorism. Whether the President's Terrorist Surveillance Program or the Department of Treasury's effort to track terrorist financing, we have been unable to persuade the media to act responsibly and protect the means by which we protect this nation.

To gain a better understanding of the damage caused by unauthorized disclosures of this type, I ask that you perform an assessment of the damage caused by the unauthorized disclosure of some of our most sensitive intelligence programs. While your assessment may range beyond the President's Terrorist Surveillance Program and Treasury's Terrorist Finance Tracking Program, I am particularly interested in the damage attributable to these two unauthorized disclosures.

Sincerely,



Pat Roberts
Chairman

Defeating an Extremist Ideology Takes Time

“The Islamic Radical threat of this century greatly resembles the bankrupt ideology of the last. The murderous ideology of the Islamic radicals is the great challenge of our century. Yet, in many ways, this fight resembles the struggle against communism in the last century.”

-President Bush, 6 October 2005

Nazism

- The violent rise of Nazism was only defeated after the United States entered the conflict.
- With much sacrifice, our efforts in the war and through the Marshall Plan built a Continent of democratic and independent states.

Communism

- The repressive and militaristic manifestation was countered by the United States throughout the Cold War with the concerted effort of all instruments of national power.
- After decades of struggle, this ideology was replaced by a democratic ideology with independent states.

Key Lesson: *The U.S. stands against the violent and repressive manifestations of any ideology. Marginalizing an ideology requires patience and promoting reform from within.*

Building Capacity Takes Time

Long Term Examples of Success (Decades of Support) include:

- Germany, Japan, and South Korea.

Commonalities

- Each of the above had a sustained American presence – and still does today (over 50 years); and
- Significant American investment was required in each instance.

Payoff

This investment has yielded:

- Democratic societies with free market economies;
- Strong nationalistic identity with legitimate governance;
- Partner nations that stood up to Communist threats;
- All are significant allies and trading partners; and
- Each is a stabilizing force within their region.

Key Lesson: *Capacity building may take decades and the tailored effort of the entire U.S. government. The decisions we make today determine how long it will take.*

The Global War on Terrorism is a “Long War”

- **The enemy is committed to his cause.** He is prepared to fight to the death for what he believes is a defense of his religion.
- **The enemy has local, regional and global aspirations.** He estimates it will take him decades to accomplish his strategic objectives.
- **Winning requires moderates to overcome extremism within the Islamic world.** Historically, this may take centuries to occur.
- **Winning requires increased partner nation capacity** – armed forces, police, economic development, good governance, and the development of a civil society – to combat the violent extremist threat.

The enemy has committed to a long war and publicly articulated his goals for decades.

- The enemy is a threat to our way of life.
- The U.S. with our partners and allies must be committed, patient, and resolute.
- We are fighting a Long War.
- The decisions we make today will determine how long and how intense this war will be.

America is at war with a transnational terrorist movement fueled by a radical ideology of hatred, oppression, and murder. From the beginning, this war has been both a battle of arms and a battle of ideas.

- **We have a comprehensive approach to the War on Terror.** Not only do we employ military power, we use all elements of national power and influence – including diplomatic, intelligence, financial, and law enforcement activities – to protect the Homeland, disrupt terrorist operations, and deprive our enemies of what they need to operate and survive.
- **The War on Terror is an international effort,** and continued success depends on the actions of a powerful coalition of nations maintaining a united front against terror. Since September 11, 2001, most of our important successes against al-Qaida and other terrorist groups have been made possible through effective international partnerships.
- **The War on Terror will be a long war.** Yet we have mobilized to win other long wars, and we can and will win this one.
- **We have made and will continue to make real progress with concrete successes in the War on Terror.**

RPC Getaway Card



What's at Stake in Iraq?

- President Bush succinctly described the plans of the terrorists as found in a letter from Ayman al-Zawahiri, commonly believed to be the second in command of Al Qaeda after Osama Bin Laden, to Abu Musab al-Zarqawi, who was Bin Laden's designated leader of Al Qaeda in Iraq:

Their objective is to drive the United States and coalition forces out of Iraq, and use the vacuum that would be created by an American retreat to gain control of that country. They would then use Iraq as a base from which to launch attacks against America, and overthrow moderate governments in the Middle East, and try to establish a totalitarian Islamic empire.

- In that same letter, Zawahiri stated that the battle in Iraq "is now the place for the greatest battle of Islam in this era."
- "If the West wants peace, they'll have to accept to be governed by Islam."
– Abu Bakar, spiritual leader of Jemaah Islamiyah, a terrorist group in Southeast Asia.

Yet the Democrats Favor Premature Withdrawal

- On the one hand, Senator Levin offered an amendment supported by some Democrats that urged the President to “begin the phased redeployment of United States forces from Iraq *this year*,” and submit a plan “*with estimated dates* for the continued phased redeployment of United States forces from Iraq.”
- Supporters somehow stated that this does not establish a timetable, yet the amendment *by its terms* calls for troops to be redeployed, i.e. withdrawn, this year.
- On the other hand, Senators Kerry and Feingold offered an amendment supported by other Democrats directing the President to redeploy troops from Iraq by July 1, 2007, commencing in 2006.
- Thus, despite what is at stake in Iraq, the Democratic strategy for Iraq is to debate the pace of withdrawal: cutting-and-running, cutting-and-jogging, or cutting-and-walking.
- As Minority Leader Reid said, “I think that even though we have *at least* two positions, I think if you look at them closely, they’re both basically the same, that there should be redeployment of troops. It’s a question of when.” June 20, 2006
- These calls for withdrawal surprisingly come within two weeks of the killing of Zarqawi and the formation of a complete unity government in Iraq.

Camp David Meetings: Building On Progress In Iraq

"My message to the Iraqi people is this: seize the moment; seize this opportunity to develop a government of and by and for the people. And I also have a message to the Iraqi people that when America gives a commitment, America will keep its commitment."

-President Bush, 6/13/06

The Unity Government In Iraq Is A New Opportunity For Progress. Prime Minister Maliki has laid out his plan to advance his most pressing priorities in Iraq. And the events of last week – completing the formation of the government and eliminating the terrorist leader Zarqawi – mark significant progress toward realization of our shared goal of a free and peaceful Iraq that is an ally in the War on Terror.

- **Last Week, The President Called Together His National Security Team And Other Key Members Of His Cabinet At Camp David To Build On That Progress And Ensure That The New Iraqi Government Succeeds.**
- **On Monday, June 12 At Camp David:** General Casey and Ambassador Khalilzad provided the President and his National Security team with an assessment of the opportunities and challenges in Iraq. The President and his advisors heard from outside experts with a range of views as to possible approaches to the economic, political, and security challenges that remain. On Monday afternoon, the President and his National Security team, including the Secretaries of State and Defense and the Chairman of the Joint Chiefs of Staff, were joined by the Attorney General and the Secretaries of Agriculture, Energy, and Commerce for a discussion of the new Iraqi government's plans to address its most urgent challenges. The group assessed how best to align the efforts of the U.S. government to support the plans of Iraq's new government. Each of these agencies is engaged in helping advance the priorities of the new Iraqi government.
- **On Tuesday, June 13 At Camp David:** With the President in Baghdad, the group was joined for breakfast Tuesday by Iraq's Ambassador to the U.S., Samir Sumaidaie. Following breakfast and earlier Baghdad meetings between the President and the Iraqi Prime Minister, the two leaders and the Iraqi cabinet met via secure teleconference. The Prime Minister discussed his top priorities for the new government, and he and members of his cabinet briefed the President and the U.S. team on Iraqi plans for improving security, national reconciliation, and economic reform. The President hailed the Prime Minister for the leadership he has shown and for laying out a bold agenda for Iraq. American and Iraqi leaders discussed how the U.S. government could best support the Prime Minister's agenda and together advance security and renewal in Iraq.

The Iraqi Government Has A Plan To Move Iraq Forward

Prime Minister Maliki Is Focused On Taking Immediate Actions In Three Areas:

1. Improve security by both military and political actions; secure Baghdad; eliminate armed gangs; and promote national reconciliation and the rule of law.

2. Immediately build economic and government capacity; increase production of oil and electricity; and build a foundation for prosperity.
3. Engage the nations of the region and the world in Iraq's democratic and economic development.

The President Discussed The New Iraqi Government's Plan In Detail With His National Security Team And Other Cabinet Officials. They assessed ongoing U.S. efforts in each area of the Iraqi plan and directed adjustments to U.S. plans as necessary to fully align with the plans of the new government.

We Continue To Comprehensively Work With The Iraqi Government To Build Security Forces, To Create The Government Institutions Necessary To Provide Essential Services To The People, And To Build The Institutions Of Democracy And Prosperity.

Examples Of Specific Actions The U.S. Government Will Take In The Short Term To Advance The Iraqi Government Plan On Security And Reconciliation:

- **Securing Baghdad:** The Prime Minister has made the security of Baghdad his top priority. He has briefed the U.S. government on his campaign to crack down on the violence and at the same time promote reconciliation.
 - **Coalition Action:** Prime Minister Maliki will soon announce more specifics of his plan to secure Baghdad. The President will provide, through the Commander, MNF-I, 12 battalions (approximately 7,200 troops) of Coalition forces in Baghdad to support 36 battalions of Iraqi Army forces (approximately 26,000) and nearly 23,000 Iraqi police who will work together to secure the city. Their goal will be to deny terrorists safe haven in areas around Baghdad and to deny terrorists freedom of movement in the city.
- **Securing Ramadi:** Terrorists/insurgents have been focusing on destabilizing Ramadi, the provincial capital of Anbar, both to undermine the government in that province and as a transfer point and staging ground for attacks elsewhere.
 - **Coalition Action:** Coalition forces are working with the Iraqi Government to stabilize the city by keeping the pressure on terrorists/insurgents while recruiting, training, and fielding Iraqi army units to serve in and around Ramadi. A locally recruited police force is also being built.
- **Building Confidence In Iraq's Security Forces:** Prime Minister Maliki is committed to both increasing public confidence in Iraqi security forces and improving the ability of those forces to take the lead in and eventually responsibility for the security of Iraq.
 - **Coalition Action:** The Coalition has embedded Transition Teams in Iraqi Police and Military units to assist in the professionalization of Iraqi Security Forces and to help them achieve Prime Minister Maliki's goals. These teams will also help inculcate ethical and professional standards. The Department of Defense has interagency advisory teams in place, working with the Ministry of Defense and the Ministry of the Interior to build administrative capacity. Now that Iraq's new Ministers of Defense and Interior are in place, our advisory teams will assist them in building internal affairs bureaus, Inspector General functions, and other capabilities.

- **Judicial Capacity:** Prime Minister Maliki recognizes that a secure and prosperous society requires a functioning and independent judiciary. A society needs courts, prosecutors, investigators, and correctional facilities to enforce the rule of law, deter violence, prosecute wrongdoers, and justly punish the guilty.
- **Coalition Action:** The State, Defense, and Justice Departments have produced a comprehensive rule of law initiative to build on past efforts to strengthen the Iraqi judicial system. The initiative builds on what has already been accomplished in the judicial sector with special emphasis on increasing the number of trained and qualified judges; ensuring those judges have adequate security to do their work; providing technical assistance to the Higher Juridical Council (which oversees the Iraqi judiciary); enhancing prison capacity to meet international standards; completing the training of Iraqi correctional personnel; and integrating the roles of police, courts, and prisons to act under one rule of law. In addition, we will be working with the European Union, the United Nations, and other international partners to provide technical assistance to Iraqi legislators as they work to complete important judiciary laws called for under Iraq's new constitution. These initiatives are being developed in consultation with the Iraqi government and a comprehensive strategic plan will be presented to top Iraqi officials – including the Prime Minister and Iraq's Chief Justice – later this month.
- **Bringing Armed Groups Under Control Of The Government:** The Prime Minister intends to develop a plan to ensure that no entities outside the Iraqi government wield force in Iraq. His strategy will involve enforcing existing laws against illegal armed groups and dedicating additional resources to ensure members of militias have an alternative means of supporting themselves and their families.
- **Coalition Action:** Coalition leaders are working with the new Iraqi government to implement a program to disarm, demobilize, and reintegrate members of militias and other illegal armed groups. To overcome these armed gangs, Iraqi forces must be better equipped than their adversaries and easily distinguishable from them. Multi-National Forces, working closely with the NATO Training Mission, are providing the training, mentoring, and equipment needed to stand up a professional, volunteer, trained, and equipped Iraqi Security Force capable of taking the lead for internal security and over time the lead for Iraq's entire security. The President directed General Casey and Ambassador Khalilzad to coordinate with the new Ministers of Interior and Defense as well as provincial governments to determine what additional steps should be taken to ensure that Iraqi forces have a military edge over those they are fighting.
- **Reconciliation:** Prime Minister Maliki has called on all Iraqis to overcome ethnic and sectarian differences and forge a new path as the free people of Iraq. The President congratulated him on his efforts to unify the Iraqi people, including the release of more than 2,500 detainees. The Prime Minister has said he will appoint a reconciliation committee to focus on resolving specific concerns of Iraq's diverse communities. The United Nations has a team in Baghdad focused on bridging divides and resolving differences between groups peacefully.

- **Coalition Action:** Any reconciliation effort must be Iraqi-led for it to succeed. At the same time, the United States is supporting the efforts of NGOs and other institutions to bring Iraqi leaders together with leaders from other countries, such as South Africa, so that Iraqis can benefit from the experience of others. We are also intensively engaged with countries in the region to urge them to reach out to Iraq's communities to encourage national dialogue, full participation in Iraq's political process, and the renunciation of violence. Finally, we welcome initiatives by other international bodies to provide forums to bring Iraqis together.

On Economic And Government Capacity-Building:

- **Revitalized Economy:** The Prime Minister is committed to a policy of national revitalization. This demands the creation of a new economic framework that rewards innovation and investment and the removal of market distortions that abet smuggling and corruption. Today the President welcomed Prime Minister Maliki's plan to spur growth and create a better investment environment.
- **Coalition Action:** The President has asked the Treasury Department to send additional professionals to Iraq to provide technical support for creation of a public finance system that is accountable and transparent. The State Department will coordinate a broad effort to support an economic policy framework that enhances investment, job creation and growth. The President has also asked Secretary of Agriculture Michael Johanns to travel to Iraq to meet with his Department's counterparts and determine what additional actions the United States can take to help return Iraq to its former status as a breadbasket for the region.
- **Oil And Electricity.** Insurgents and terrorists have tried to cripple Iraq's economy by crippling its oil industry. Prime Minister Maliki is committed to sustainable oil exports and improving the delivery of electricity.
- **Coalition Action:** The President has directed Secretary of Energy Samuel Bodman and Secretary of Commerce Carlos Gutierrez to travel to Iraq and work with their counterparts to identify what further assistance from the U.S. government is needed to help the Iraqi government increase oil production and electricity generation. General Casey and Ambassador Khalilzad will work with Iraq's new ministers to continue the effort to build rapid repair teams and to create new initiatives to protect key infrastructure nodes. We are providing resources and technical expertise to the Oil and Electricity ministries for the development of operation and management practices. We are working with the ministries on steps such as metering and the tagging of trucks to increase transparency and efficiency and reduce corruption in the oil industry. We are encouraging other oil-producing countries, in particular Iraq's neighbors, to provide their technical expertise and know-how to help Iraq sustain and expand oil production and exports. And we are engaged with the Iraqis in refurbishing oil wells in the south to ensure predictable oil exports and increase Iraq's overall capacity.

On Engaging The Nations Of The World In Iraq's Success:

- **International Compact.** The international community has made pledges to support Iraq's fledgling democracy, but many are unfilled. It is time for the international community to meet its obligations. Prime Minister Maliki is asking international organizations to take the lead with his government in developing a compact between the international community and the Iraqi government and people. This compact will bind actions by Iraq to actions by other countries and international institutions, and make Iraq's success a shared objective and commitment. The Prime Minister envisions a compact in which Iraq will undertake a series of political, economic, and security steps in exchange for more robust political and financial support from the international community.
- **Coalition Action:** The President directed his Cabinet to work with the international community to build this compact with Iraq. The President designated Deputy Secretary of the Treasury Robert Kimmitt to lead these efforts. Deputy Secretary Kimmitt will be supported by State Department Counselor Philip Zelikow and other senior U.S. government officials. They will travel soon to the United Nations and then to Iraq for consultations, and then will travel – as necessary – to Europe, Asia and the Middle East to build support for the compact. This effort is expected to culminate in a conference later this year where the Iraqi government can lay out its commitments and engage the financial, technical, and other support of a broad group of nations to continue rebuilding its country.

Fact Sheet on Unclassified Document on WMD

- Since 2003, Coalition forces in Iraq have recovered over 500 weapons munitions containing degraded mustard gas or sarin nerve agent.
- Further efforts are underway to locate and recover as many additional chemical weapons as possible.
- The condition of the canisters ranges from poor to very good . They appear to have been produced prior to the 1991 Gulf War.

Pre-Gulf war Iraqi chemical weapons could be sold on the black market. The possibility of use outside Iraq cannot be ruled out.

- As munitions are discovered, The Department of Defense conducts analysis and representative sampling to determine whether or not they remain a threat to Coalition forces and to the general Iraqi population. Samples have exhibited varying levels of degradation.
- The canisters discovered thus far were designed to be projectiles.
- Iraq was forbidden from possessing munitions of this sort by the United Nations Security Council under UN Security Council Resolution 687, as well as under subsequent resolutions. Under these resolutions, the Iraqi regime was required to declare these munitions to UN inspectors for verified destruction.
- Iraq chose not to comply with said resolutions and did not declare the possession of these several hundred chemical munitions.
- These findings represent nearly 10 times the number of rounds reported by the Iraq Survey Group. We expect the Defense Department's report to address how these findings further our understanding of Iraq's chemical warfare activities.
- The Defense Department did not want to unnecessarily jeopardize operations or the safety of those conducting them by prematurely announcing the recovery of these munitions.
- Due to force-protection and anti-terrorism reasons, the focus of the Defense Department should remain primarily on the recovery and removal of all remaining rounds. However, it is also important to determine the significance of these findings
- The Senate hopes that the Defense Department will issue an addendum to the Iraq Survey Group (ISG) report which would include findings of WMD found in Iraq since the last report.
- After an extensive investigation of Iraq's chemical weapons program, the ISG reported in September 2004 that it "believe[s] that the vast majority of [Iraqi CW] munitions were destroyed, but questions remain concerning hundreds of CW munitions." Charles Duelfer, former head of the Iraq Survey Group, stated that the ISG had fully evaluated less than one quarter of one percent of the more than 10,000 weapons caches known to exist throughout Iraq. Unfortunately, a number of factors precluded the ISG from conducting a truly thorough search, namely the scale and complexity of Iraqi storage, weapons markings, and extensive looting and destruction of military sites during OIF, etc.

UNCLASSIFIED

Subject: Iraq: Chemical Munitions

21 June 2006

Purpose: This summary provides an unclassified overview of chemical munitions recovered in Iraq since May 2004.

Key Points:

- Since 2003 Coalition forces have recovered approximately 500 weapons munitions which contain degraded mustard or sarin nerve agent.
- Despite many efforts to locate and destroy Iraq's pre-Gulf War chemical munitions, filled and unfilled pre-Gulf War chemical munitions are assessed to still exist.
- Pre-Gulf War Iraqi chemical weapons could be sold on the black market. Use of these weapons by terrorists or insurgent groups would have implications for Coalition forces in Iraq. The possibility of use outside Iraq cannot be ruled out.
- The most likely munitions remaining are sarin and mustard-filled projectiles.
- The purity of the agent inside the munitions depends on many factors, including the manufacturing process, potential additives, and environmental storage conditions. While agents degrade over time, chemical warfare agents remain hazardous and potentially lethal.
- It has been reported in open press that insurgents and Iraqi groups desire to acquire and use chemical weapons.

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Saddam's WMD

Why is our intelligence community holding back?

BY PETER HOEKSTRA AND RICK SANTORUM

Monday, June 26, 2006 12:01 a.m.

On Wednesday, at our request, the director of national intelligence declassified six “key points” from a National Ground Intelligence Center (NGIC) report on the recovery of chemical munitions in Iraq. The summary was only a small snapshot of the entire report, but even so, it brings new information to the American people. “Since 2003,” the summary states, “Coalition forces have recovered approximately 500 weapons munitions which contain degraded mustard or sarin nerve agent,” which remains “hazardous and potentially lethal.” So there are WMDs in Iraq, and they could kill Americans there or all over the world.

This latest information should not be new. It should have been brought to public attention by officials in the intelligence community. Instead, it had to be pried out of them. Mr. Santorum wrote to John DeFreitas, commanding general, U.S. Army Intelligence and Security Command, on April 12, asking to see the report. He wrote, “I am informed that there may well be many more stores of WMDs throughout Iraq,” and added, “the people of Pennsylvania and Members of Congress would benefit from reviewing this report.” He asked that the “NGIC work with the appropriate entities” to declassify as much of the information as possible.

The senator received no response. On June 5, he wrote again, this time to John Negroponte, director of national intelligence, “concerning captured Iraqi documents, data, media and maps from the regime of Saddam Hussein.” He mentioned his disappointment that many captured Iraqi documents had been classified, and that he still had received no response from Gen. DeFreitas. Some 10 days later, still with no response, he shared his dismay with one of us, Pete Hoekstra, chairman of the House Permanent Committee on Intelligence, who on June 15 wrote to Mr. Negroponte, urging him to declassify the NGIC analytic piece. Mr. Hoekstra was also dismayed because he had not been informed through normal intelligence channels of the existence of this report.

To compound matters, during a call-in briefing with journalists held at noon on June 21, intelligence officials misleadingly said that “on June 19, we received a second request; this time asking that we, in short order--48 hours--declassify the key points, which are sort of the equivalent to key judgments from something like a National Intelligence Estimate, from the assessment.” The fault was their own; we had been requesting this information for nine weeks and they had not acted.

On Thursday, Mr. Negroponte's office arranged a press briefing by unnamed intelligence officials to downplay the significance of the report, calling it “not new news” even as Defense Secretary Donald Rumsfeld was reiterating the obvious importance of the information: “What has been announced is accurate, that there have been hundreds of canisters or weapons of various types found that either currently have sarin in them or had sarin in them, and sarin is dangerous. And it's dangerous to our forces. . . . They are weapons of mass destruction. They are harmful to human beings. And they have been found. . . . And they are still being found and discovered.” In fact, the public knows relatively little about weapons of mass destruction in Iraq. Indeed, we do not even know what is known or unknown. Charles Duelfer, former head of the Iraq Survey Group, stated that the ISG had fully evaluated less than 0.25% of the more than 10,000 weapons caches known to exist throughout Iraq. It follows that the American people should be brought up to date frequently on our state of knowledge of this im-

portant matter. That is why we asked that the entire document be declassified, minus the exact sources, methods and locations. It is also, in part, why we have fought for the declassification of hundreds of thousands of Saddam-era documents.

The president is the ultimate classifier and declassifier of information, but the entire matter has now been so politicized that, in practice, he is often paralyzed. If he were to order the declassification of a document pointing to the existence of WMDs in Iraq, he would be instantly accused of “cherry picking” and “politicizing intelligence.” He may therefore not be inclined to act.

In practice, then, the intelligence community decides what the American public and its elected officials can know and when they will learn it. Sometimes those decisions are made by top officials, while on other occasions they are made by unnamed bureaucrats with friends in the media. People who leak the existence of sensitive intelligence programs like the terrorist surveillance program or financial tracking programs to either damage the administration or help al Qaeda, or perhaps both, are using the release or withholding of documents to advance their political desires, even as they accuse others of manipulating intelligence.

We believe that the decisions of when and what Americans can know about issues of national security should not be made by unelected, unnamed and unaccountable people.

Some officials in the intelligence community withheld the document we requested on WMDs, and somebody is resisting our request to declassify the entire document while briefing journalists in a tendentious manner. We will continue to ask for declassification of this document and the hundreds of thousands of other Saddam-produced documents, and we will also insist on periodic updates on discoveries in Iraq.

This is no small matter. It is not--as a few self-proclaimed experts have declared--a spat over ancient history. It involves life and death for American soldiers on the battlefield, and it involves the ability of the American people to evaluate the actions of their government, and thus to render an objective judgment. The people must have the whole picture, not just a shard of reality dished up by politicized intelligence officers.

Information is a potent weapon in the current war. Al Qaeda uses the Internet very effectively and uses the media as a terrorist tool. If the American public can be deceived by people who withhold basic information, we risk losing the war at home, even if we win it on the battlefield. The debate should focus on the basic question--what, exactly, we need to do to succeed both here and in Iraq. We are dismayed to have learned how many people in our own government are trying to distort that debate.

Mr. Hoekstra is the chairman of the House Permanent Committee on Intelligence. Mr. Santorum is the chairman of the Senate Republican Conference Committee.



DeMint: Democrats and New York Times have returned to a pre-9/11 Mentality

Washington, D.C. - Today, Senator Jim DeMint (R-S.C.) made the following statement:

“Democrats and the New York Times have returned to a pre-9/11 mentality. This is the same ‘do nothing’ mentality of the Clinton Administration that dismantled our intelligence capabilities leaving us handicapped in detecting terrorist attacks, and refused to use military power to fight back against terrorists that attacked Americans abroad,” said Senator DeMint.

”After 9/11, everyone agreed, and the 9/11 Commission recommended, that we needed to reverse this intelligence decay and reinvigorate our intelligence capabilities and use alternative means of hunting down terrorists.”

On September 24th, 2001, the New York Times editorialized: “If America is going to wage a new kind of war against terrorism, it must act on all fronts, including the financial one.”

“Now, just five years later, Democrats and the New York Times have forgotten the lessons of 9/11, and forgotten there is a real and deadly enemy that seeks to kill innocent Americans. They have returned to the Clinton ‘do nothing’ mentality, opposing essential intelligence tools needed in this new war,” said Senator DeMint.

“We cannot forget 9/11 and must continue to pursue every legal method at our disposal to seek and kill the terrorist enemies of America. We must not make a politically motivated retreat before the job is done or relent in our pursuit of terrorists in Afghanistan, Iraq, or around the world,” said Senator DeMint.

Majority Message



Democrats In Disarray: The Saga Continues

Minority Leader Reid Claims Democrats Aren't Really That Divided Over Iraq...

Reid Says Democrats Have “At Least Two Positions” On Iraq That Are “Basically The Same.” REID: “I think that even though we have at least two positions, I think if you look at them closely, they’re both basically the same, that there should be redeployment of troops.” (Sen. Harry Reid, Press Conference, 6/20/06)

...But They Are More Divided Than Ever Over Which Plan Of Retreat To Endorse

After A “Sometimes Heated Closed-Door Meeting,” Senate Democrats Still Couldn’t Agree On Their Favorite Withdrawal Plan. “After a sometimes heated closed-door meeting, Senate Democrats postponed action on two proposals related to drawdowns of U.S. troops in Iraq. One would direct Bush to bring nearly all the troops home within 13 months. The other would urge him to begin an unspecified withdrawal by the end of this year.” (Charles Babington, “Democrats Divided On Withdrawal Of Troops,” The Washington Post, 6/21/06)

- ***Knight Ridder:*** Democrats are offering “competing troop-withdrawal proposals.” (James Kuhnhenh, “Senate Democrats Offer Competing Iraq Proposals,” Knight Ridder, 6/20/06)
- ***Associated Press:*** “Fissures in the Democratic Party over Iraq will be on display Wednesday when the Senate takes up two proposals to withdraw U.S. forces...” (Liz Sidoti, “Iraq Debate In Senate Will Show Fissures In Democratic Party,” The Associated Press, 6/21/06)

Democrats Debate Their Options: A Deadline To Start Withdrawing And A Deadline To Finish Withdrawing. “As Democrats see it, the only issues they do not agree on is exactly when to start withdrawing troops – immediately or not – and whether there should be a date when all troops must be out of Iraq.” (Liz Sidoti, “Iraq Debate In Senate Will Show Fissures In Democratic Party,” The Associated Press, 6/21/06)

Democrats “Wound Up With Two Positions” On Withdrawal. “[T]he Democrats have decided they need to carve out a defensible position on Iraq going into mid-term elections this fall — which is why Reid of Nevada convened the meetings to begin with. In the end, Senate Democrats wound up with two positions.” (Massimo Calabresi, “Can The Democrats Unite On Iraq?” Time.com, Accessed 6/20/06)

Sen. John Kerry (D-Mass.) Argues Democrats “Need To Be Strong” And “Take Some Strong Position That’s Got A Date” For Full Withdrawal. “The Democrats need to be strong and stand up with a clear articulation about how we make the United States stronger. ... My preference is, we take some strong position that’s got a date.” (Kate Zernike, “On Iraq, Kerry Again Leaves Democrats Fuming,” The New York Times, 6/21/06)

Tempers Are Short And Exasperation Is Growing

Frustration Is Mounting Among Senate Democrats. “Senate Democrats have been loath to express their opinions publicly, determined to emphasize a united front. But interviews suggest a frustration with Mr. Kerry, never popular among the caucus ... Privately, some of his Democratic peers complain that he is too focused on the next presidential campaign.” (Kate Zernike, “On Iraq, Kerry Again Leaves Democrats Fuming,” The New York Times, 6/21/06)

The Failed Search For Consensus Has Increased Democrats’ “Exasperation.” “The Democrats’ exasperation has increased in the last week, as they postponed a vote on Mr. Kerry’s amendment to try to fashion a broader consensus among themselves. ... In the end, Mr. Kerry agreed only to extend his deadline, from Dec. 31 of this year to July 2007.” (Kate Zernike, “On Iraq, Kerry Again Leaves Democrats Fuming,” The New York Times, 6/21/06)

New York Times: Kerry Approach Has Left Democrats “Divided.” “Mr. Kerry’s insistence on pushing ahead with his own plan has left the Democrats divided, and open to renewed Republican accusations that they are indecisive and weak...” (Kate Zernike, “On Iraq, Kerry Again Leaves Democrats Fuming,” The New York Times, 6/21/06)

Last Week, Sen. Charles Schumer (D-N.Y.) “Slumped In His Chair . . . And Covered His Eyes With His Hand” As Kerry Rose To Speak On Iraq. “After the vote, when Kerry rose to express his ire at McConnell, Charles E. Schumer of New York, chairman of the Democratic Senatorial Campaign Committee, slumped in his chair on the Senate floor and covered his eyes with his hand.” (John M. Donnelly and Tim Starks, “Iraq Debates Underscore Divisions,” CQ Today, 6/16/06)

Majority Message



With No Plan For Success In Iraq, Desperate Democrats Will Say Anything

Minority Leader Reid's Doublespeak Reaches New Heights

MYTH: Reid Says Gen. Casey Supports Democrats' Troop Withdrawal Demands – Even Dubbing It “The Casey-Levin-Reed Plan.” (Sen. Harry Reid, Press Conference, 6/28/06)

FACT: Gen. Casey – When Asked – Said He Opposes “A Fixed Date For The Start Of A U.S. Troop Withdrawal.” “Asked about the wisdom of setting a fixed date for the start of a U.S. troop withdrawal, Casey said he opposed that approach. ‘I feel it would limit my flexibility,’ he said. ‘I think it would give the enemy a fixed timetable. And I think it would send a terrible signal to a new government of national unity in Iraq that’s trying to stand up and get its legs underneath it.’” (Lolita C. Baldor, “Casey: U.S. Forces in Iraq To Shrink,” The Associated Press, 6/23/06)

FACT: Gen. Casey “Slammed The Idea Of A Timetable For Withdrawal.” “[T]he top U.S. military commander in Iraq said at a Pentagon news conference that he expects to see some U.S. troop reductions this year, but he slammed the idea of a timetable for withdrawal. ‘I don’t like it,’ Army Gen. George W. Casey Jr. said.” (Charles Babington, “Senate Rejects Democrats’ Calls For Iraq Timetable,” The Washington Post, 6/23/06)

MYTH: Reid Claims Democrats Have Offered “A Comprehensive Plan” For Iraq. “Democrats have offered a comprehensive plan to transition the mission in Iraq and begin the phased redeployment of US troops...” (Office Of Sen. Harry Reid, Press Release, 6/28/06)

FACT: Just Days Ago, Reid “Declined To Specify” Any Plan. “‘We’re united in that we need to change the course of the war in Iraq,’ Reid said. He declined to specify his plan, saying it is up to Bush to lead the nation to victory.” (Charles Babington, “Senate Rejects Democrats’ Calls For Iraq Timetable,” The Washington Post, 6/23/06)

MYTH: Reid Brags About The Democrats’ So-Called “Real Security” Plan. “[T]hree months after unveiling the comprehensive Real Security Plan, Democrats remain committed to the tough AND smart policies needed to protect America.” (Office Of Sen. Harry Reid, Press Release, 6/28/06)

FACT: Washington Post Columnist Fred Hiatt Called The Plan “Cramped And Inward-Looking” With No Mention Of The Importance Of Democracy. “[Democrats] reveal a different world view, one that is far more cramped and inward-looking. ... [T]he Democrats do not find space to mention democracy even once. They promise to ‘destroy terrorist networks like al Qaeda,’ but there is no discussion of a broader threat, of a ‘global war’ or a long Cold War-like struggle.” (Fred Hiatt, Op-Ed, “Democrats’ Narrow Vision,” The Washington Post, 4/3/06)

FACT: The San Francisco Chronicle Called It A “Campaign-Style” Program That Offered “Nothing Strikingly New.” “There was nothing strikingly new in the program. Instead, Democrats took turns lambasting Bush and the Republican Congress at a campaign-style event at Washington’s historic Union Station.” (Edward Epstein, “Dems’ Election Manifesto,” The San Francisco Chronicle, 3/30/06)

FACT: The Los Angeles Times Said Democrats “Offered Few Details About How They Would Achieve Their Sweeping Goals.” “Sharpening their election-year message, leading Democrats on Wednesday released a plan that promised to strengthen America’s security but offered few details about how they would achieve their sweeping goals.” (Ronald Brownstein, “Democratic Plan To Beef Up U.S. Security Lacks Specifics,” Los Angeles Times, 3/30/06)

MYTH: Reid Claims He Never Listens To Polls, “Period.” REID: “I don’t believe in polls, period. I don’t follow polls. ... I don’t follow polls, and what they said last month or this month means nothing. And I mean that literally – it means nothing to me.” (Sen. Harry Reid, Press Conference, 6/28/06)

FACT: Polls And Focus Groups Led Democrats To Their “New Direction” Slogan. “Polling and focus groups helped Democrats come up with the ‘New Direction for America’ slogan, sources also said. And they note that while the first theme fell flat, this one seems to fit all of the major components of the party platform this cycle. ‘This was a better way to go,’ said one high-level Democratic aide.” (Erin P. Billings, “Democrats Change Slogan For Their Domestic Agenda,” www.rollcall.com, Accessed 6/15/06)

Reid Even Attacked The Use Of “Slogans” In The Same Breath He Used ... The Democrats’ New Slogan. REID: “These brave soldiers deserve a plan from the president, not politics; a strategy, not slogans; a new direction, not more of the same.” (Sen. Harry Reid, Press Conference, 6/28/06)

Poll-Tested Spin Can’t Disguise The Fact That Democrats Have No Ideas And No Plan To Rally Behind

“Democrats Failed To Agree Among Themselves On Whether Or When To Withdraw Troops...” “The diversity of opinion within the party probably was never more evident than over the past two weeks when both the House and Senate debated the Iraq war, and Democrats continued to display their differences on how best to conclude the conflict. In both chambers, Democrats failed to agree among themselves on whether or when to withdraw troops...” (Erin Billings, “Lack Of Messenger Bedevils Democrats,” Roll Call, 6/28/06)

Sen. Frank Lautenberg (D-N.J.): “We have to speak up ... We’re not yet speaking with one voice.” (Erin Billings, “Lack Of Messenger Bedevils Democrats,” Roll Call, 6/28/06)

Senior Senate Aide Notes Democrat Efforts At Unity Have Been “Diluted” By Intraparty Differences. ““There have definitely been efforts to join together on slogans like ‘New Direction,’ but we’ve also parted ways, and that’s diluted the significance,” noted the senior [Democrat] Congressional staffer.” (Erin Billings, “Lack Of Messenger Bedevils Democrats,” Roll Call, 6/28/06)

Senior House Aide: Democrats’ Message Is “Something That Goes From Fax Machine To Trash.” “A senior House Democratic aide said while the party could certainly use a powerful messenger, the bigger problem may be in the message itself, one this staffer suggested is simply rehash of the same old Democratic positions. ‘You need something that Members and candidates want to talk about on the stump, not something that goes from fax machine to trash,’ this aide said (Erin Billings, “Lack Of Messenger Bedevils Democrats,” Roll Call, 6/28/06)

Jobs/Economy



Securing America's Competitiveness and Creating Jobs Through A Growing Economy



Despite inflation concerns and high energy prices, the nation is enjoying sustained job creation and robust economic expansion under Republican leadership. Republicans are working to ensure that every American has economic security and the opportunity for a good-paying job, while working to keep taxes low and restrain government spending to reduce the deficit.

Republican pro-growth tax policies enacted in 2001 and 2003 tax relief bills have fueled nearly 3 years of job creation and 4 1/2 years of overall economic growth. More Americans are working today than ever before.

- **JOBS:** Since August 2003, the economy has created more than 5.3 million jobs in 33 consecutive months of job gains, better jobs in high-wage fields. The nation's unemployment rate is a low 4.6%, the lowest in five years, lower than the averages of the last four decades.
- **GDP:** The economy has experienced 18 consecutive quarters of GDP growth. The economy grew at a rapid 5.6% annual rate in the first quarter, up from 1.7% in fourth quarter 2005, the fastest rate in two-and-a-half years and faster than any major industrialized nation. In just two-and-a-half years, real GDP has grown by an impressive 9.4%.
- **TAX REVENUES:** Federal tax revenues are surging, aided by Republican pro-growth tax policies. Tax revenues are up 12.8% to date this fiscal year, on top of last year's 14.6% increase. Federal revenues for FY 2005 totaled \$2.2 trillion – the highest level ever.
- **DEFICIT:** Strong tax receipts have helped shrink the budget deficit to \$227 billion for the first eight months of this fiscal year, down 16.6% from the same period the previous fiscal year. The Treasury Department projects surging tax revenues are putting us on the path to exceed the goal of cutting the deficit in half by 2009.
- **BUSINESS INVESTMENT:** Business investment has grown at a strong average annualized rate of 9% in the 12 quarters since 2003 tax relief lowered tax rates on dividends and capital gains.
- **PRODUCTIVITY/WAGES:** Worker productivity in the business sector grew at an impressive 3.9% rate in the first quarter. Real compensation per hour increased at a 3.3% rate – 7.6% higher than the peak of the business cycle in early 2001.

The Republican-enacted tax relief extension bill will keep the economy growing and help continue progress toward driving down the deficit.

- It is important to keep in place tax policies that have fueled strong job creation and economic growth.
- Preventing automatic tax increases will ensure that Americans continue to have more of their own money to spend, save and invest.
- Democrat tax-and-spend policies would reverse the jobs and economic gains we have made under Republican leadership.

Republicans are working to restrain government spending to keep the economy strong.

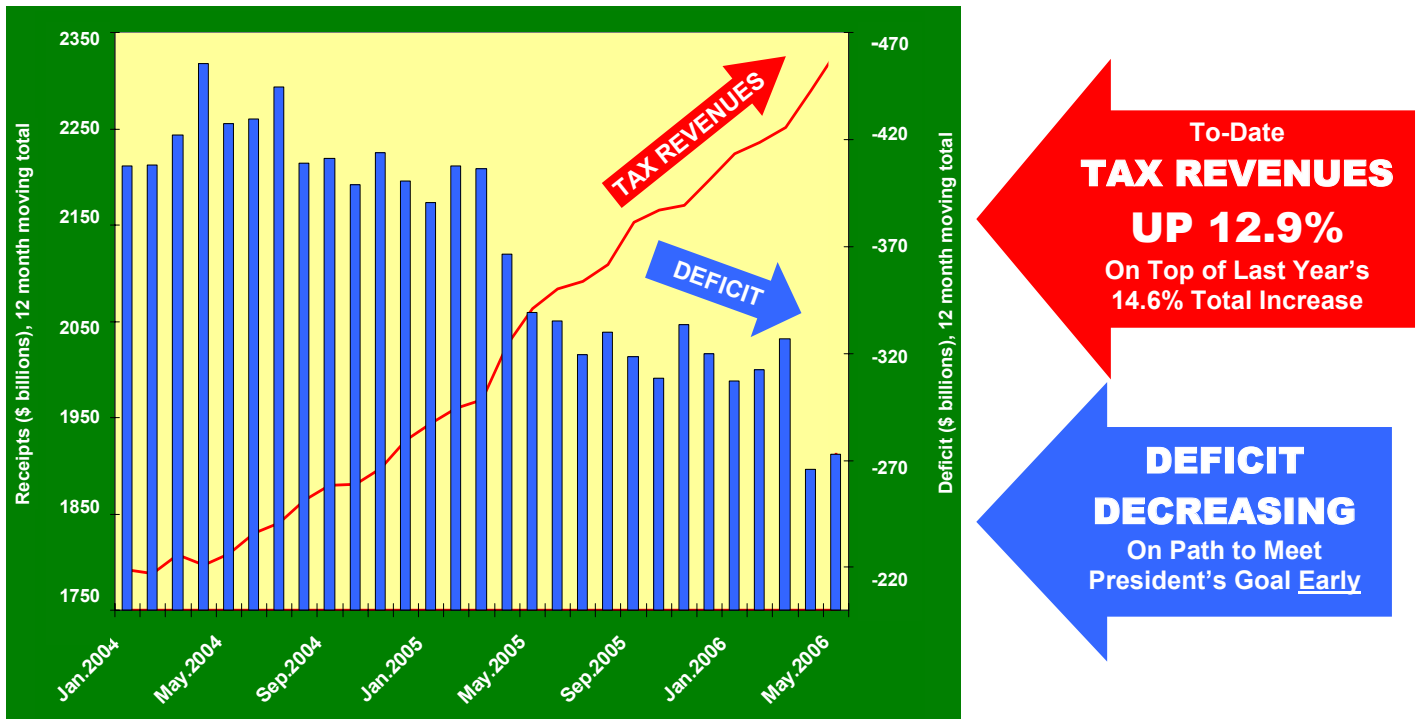
- The Senate-passed 2007 budget resolution holds down non-defense discretionary spending and cuts the deficit in half by 2008. With the Senate-passed budget resolution, the deficit will fall by more than half from the \$521 billion projected in FY 2004.
- Republicans enacted a fiscally disciplined emergency supplemental conference report that did not exceed the President's funding request for the war and hurricane recovery.
- Republicans, led by Budget Chairman Gregg, introduced a budget-process reform bill (the Stop Over-Spending Act of 2006) that would enforce caps on mandatory and discretionary spending, create a modified line-item veto and institute biennial budgeting.
- Republicans last year enacted the Deficit Reduction Act to curb wasteful spending, saving American taxpayers \$39 billion over the next five years and \$100 billion over the next decade.



TREASURY ECONOMIC UPDATE - 6.15.06

"Pro-growth economic policies work."

President George W. Bush, South Lawn Press Conference, 6-14-06



"...Thanks to soaring revenues and a wee bit of spending restraint, [the post tax-cut economy] also includes a shrinking deficit – the last domino to fall in the economically foolish opposition to the Bush tax cuts."

Editorial, Investor's Business Daily, 6-14-06

U.S. Economic Strength Indicators:

- **More than 5.3 million new jobs created** since the President's tax relief took effect.
- **5.3% economic (real GDP) growth** for first quarter 2006 – fastest rate since 2003 – fastest of any major industrialized nation.
- **4% average real GDP growth** since mid-2003.
- **12 straight quarters of business investment growth** occurring immediately after May 2003, averaging 9%.
- **4.6% unemployment rate** – lower than the average of the 60's, 70's, 80's or 90's.

For More Information Visit <http://treas.gov/economic-plan/>

Economic Growth Continues – More Than 5.3 Million Jobs Created Since August 2003

The Economy Has Created About 1.9 Million Jobs Over The Past 12 Months – And More Than 5.3 Million Since August 2003. There were 75,000 jobs created in May. The unemployment rate fell to 4.6 percent – lower than the average of the 1960s, 1970s, 1980s, and 1990s.

The Economy Remains Strong. And The Outlook Is Favorable

- **Real GDP Grew At An Annual Rate Of 5.6 Percent For The First Quarter Of This Year.** This follows our economic growth of 3.5 percent in 2005 – the fastest rate of any major industrialized nation.
- **Productivity Increased At A Strong Annual Rate Of 3.7 Percent In The First Quarter.** Productivity growth during the past five years has been at the fastest rate in nearly four decades.
- **Real Hourly Compensation Rose At A 3.2 Percent Annual Rate In The First Quarter.**
- **Real Consumer Spending Increased At An Annual Rate Of 5.2 Percent In The First Quarter.**
- **Employment Increased In 48 States Over The Past 12 Months Ending In May.** Nonfarm payroll employment increased in 33 states in May.
- **Industrial Production Increased 4.3 Percent Over The Past 12 Months.**

President Bush Has An Aggressive Agenda To Keep The Economy Growing

Growing The Economy And Reducing The Deficit Depend On Controlling The Spending Appetite Of The Federal Government. Every year since the President took office, the Administration has slowed the growth of discretionary spending that is not related to the military or homeland security. The President's last two budgets cut discretionary spending that was unrelated to the military or homeland security, and we are on track to cut the deficit in half by 2009.

President Bush Is Calling On The Senate To Join The House And Quickly Pass The Line-Item Veto, So He Can Sign It Into Law. The line-item veto, already passed by the House, would allow Presidents to target pork in large spending bills. It is an essential part of the President's strategy to reform the budget process and enhance fiscal discipline. The line-item veto President Bush has submitted to Congress is constitutional, effective, and has bipartisan support.

The President Has Expanded Tax Relief And Is Working To Make His Tax Relief Permanent. In May, President Bush signed into law a bill that extends the tax cuts on dividends and capital gains. This legislation also contains an Alternative Minimum Tax (AMT) patch enabling millions of middle-income families to avoid paying higher taxes in 2006.

The President's Tax Relief Has Helped Spur Growth By Keeping \$880 Billion In The Pockets Of American Taxpayers. The Administration reduced taxes for every American who pays income taxes, doubled the child tax credit, reduced the marriage penalty, created investment incentives for small businesses, and put the death tax on the road to extinction.

This Growth Is Helping Raise More Tax Revenues For The Federal Government. In 2005, tax revenues grew by \$274 billion, or 15 percent - the largest increase in 24 years. The economy is continuing to grow, and tax revenues are growing with it. So far this year, tax revenues are 13 percent higher than they were at the same point last year, which is significantly better than projected.

The Senate Confirmed Henry Paulson As Treasury Secretary. Paulson has an intimate knowledge of financial markets and an ability to explain economic issues in clear terms. For the past eight years, Paulson has served as Chairman and Chief Executive Officer of the Goldman Sachs Group, one of the most respected firms on Wall Street.